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**PANHANDLE EASTERN CORPORATION**

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November 22, 1991

RSPA-98-4868-32

Dockets Unit, Room 8417  
Office of Pipeline Safety  
**Research & Special Programs Administration**  
U.S. Department of Transportation  
400 Seventh Street, SW  
Washington, D.C. 20590

RECEIVED  
OPS-1  
91 NOV 25 AM 10:14

RE: COMMENTS ON NOTICE OF PROPOSED RULEMAKING (**NPRM**) RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION (RSPA) GATHERING LINE DEFINITION **DOCKET** NO. PS-122, NOTICE 1.

Panhandle Eastern Corporation (Panhandle) and its subsidiaries, Panhandle Eastern Pipeline Co., Texas Eastern Gas Pipeline Co., Trunkline Gas Co., and Algonquin Gas Transmission Co., operate a 27,800 mile interstate natural gas transmission system. This transmission system receives natural gas from the major production areas of the Midcontinent, Rocky Mountains and Gulf Coast for transportation and sale in the Upper Midwest and Northeastern United States. The operation of this extensive pipeline system is subject to the requirements of 49 CFR Parts 191, 192 and 193.

Panhandle Eastern Corporation (Panhandle) has deep concerns on the wording issued by RSPA in the above referenced NRPM. If the wording in this NPRM prevails to a final rule, Panhandle will be required to make very large expenditures to comply and will be committed to large increases in operation and maintenance costs without any benefit in pipeline safety.

RSPA has failed to show any pipeline safety benefit to be gained by this rulemaking. The present definition of gathering lines has proven to be one well understood and clear cut in defining which pipelines are gathering lines. The purpose of the pipeline safety regulations is to establish minimum standards for pipeline safety. This proposal does not in any way improve or increase the level of safety of these pipelines. Gathering lines in rural areas present no safety problem because there is no danger to the public due to their rural location. Gathering lines in densely populated areas must be designed, installed, tested, operated and maintained under 49 CFR 192 and are under DOT jurisdiction. RSPA should be required to show a need, based on a safety problem or case study, that will be solved by this rulemaking. RSPA has not identified any safety problem with gathering lines which would be solved by changing the gathering line definition. The problem described in the background information in this NPRM has nothing to do with safety, but rather with the refusal of the state agencies or regional office

inspectors to accept the present definition which has served very well for over 20 years. Panhandle takes exception to spending millions of dollars, with no benefit of improved pipeline safety, when we are committed to our customers to provide natural gas at the lowest cost possible especially in view of the present poor economic environment.

Under the Impact Assessment of this NPRM, RSPA states that **"If there are any pipelines that are re-classified as transmission pipelines, those lines would only be subject to the operations and maintenance requirements and RSPA will assist the pipeline operator in overcoming any problems encountered in complying with those regulations (underline added for emphasis).** The fundamental requirement in the operating section of the regulations is the establishment of the maximum allowable operating pressure (MAOP). In order to do this 49 CFR 192.619 under Subpart L - Operations must be used which states **"(a) Except as provided in paragraph (c) of this section, no person may operate a segment of steel or plastic pipeline at a pressure that exceeds the lowest of the following:**

- (1) The design pressure of the weakest element in the segment, determined in accordance with Subparts C and D of this part." (underline added for emphasis)

To **establish** the MAOP of gathering pipelines reclassified as **transmission** lines, the MAOP will have to be established. The only **mechanism** to do this is to meet the requirements in Subpart L - Operations paragraph 192.619 which requires the weakest element be identified in accordance with Subpart C - Design and Subpart D - Design of Pipeline Components unless RSPA writes rules for a "grandfather clause" such as the one now contained in 192.619(c). In reality, although RSPA says that the gathering pipelines reclassified as transmission lines would only be required to meet operations and maintenance rules, the establishment of MAOP would involve using design regulatory requirements. Under Impact Assessment of this NRPM the statement **"---RSPA** will assist the pipeline operators in overcoming any problems encountered in complying with those regulations" is not understood unless RSPA plans to include provisions in the final rule that will address these problems.

All gathering lines that will be required to be reclassified as transmission lines as a result of the new gathering line definition proposed in this NPRM will be subject to the conversion to service provisions as contained in 192.14. The conversion to service will require that all affected pipelines be hydrostatically tested in accordance with Subpart **J** to substantiate the MAOP permitted by Subpart L which as stated above, references Subpart C - Design and Subpart D - Design of Pipeline Components. This again raises the

question on how the MAOP will be established because paragraph 192.619 in Subpart L must be applied. The cost studies in these comments (see Schedules A, B & C attached) will **"assume"** that the MAOP can be established by hydrostatic tests when the conversion to service (192.14) is applied to those pipelines that will have to be reclassified from gathering lines to transmission lines as a result of this NPRM.

Two provisions in this NPRM will result in substantial cost to Panhandle. They are (1) the exclusion from the definition of gathering line any pipeline facility subject to FERC jurisdiction under the Natural Gas Act and (2) the gathering pipeline end point determination.

Panhandle has a significant number of miles of pipeline that are classified as gathering lines under DOT and transmission pipelines under the FERC. If these pipelines are excluded by this NPRM, these pipelines will have to be reclassified as transmission lines under DOT. There is no reason that these pipelines should be excluded from remaining classified as gathering lines under DOT. The function of the definition of gathering lines, under FERC and DOT, serves two entirely different purposes. The FERC classification of gathering lines versus transmission lines is solely for rate base purposes while the DOT definition serves to determine which lines are jurisdictional under DOT for pipeline safety purposes. There is no reason that the definition, under either **agency** should have anything to do with the other. Panhandle recommends that the exclusion of the gathering line definition of pipeline facilities under FERC jurisdiction be deleted from this NPRM.

The second provision that will result in significant cost to Panhandle is the end point determination in the proposed gathering line definition. According to this NPRM the end point of a gathering line would be (1) the inlet of a gas processing plant. If there is no gas processing plant, the gathering line end point would be (2) the point of custody transfer or if no point of custody transfer (3) the last point of commingling in the production field. If this wording prevails to a final rule, the predominate end point of gathering lines will be the **"custody transfer"** which will normally be at, or near, the **wellhead** in the absence of a gas processing plant.

The American Petroleum Institute (API) & the Interstate Natural Gas Association of America (INGAA) recommended definition is as follows:

Gatherins Line means one or more segments of pipeline, usually interconnected to form a network, the primary function of which is to transport gas from one or more production

facilities to:

- (a) the inlet of a gas processing plant (excluding straddle plants),

OR

- (b) if no gas processing plant is located downstream, the most downstream of:

- (1) the point of custody transfer of gas to a line which transports gas to a distribution center or a line within such a distribution center, a gas storage facility, or an industrial consumer:

OR

- (2) the point of last commingling of gas from a single field or separate geographically proximate fields;

OR

- (3) the outlet of a compressor station downstream of the point of last commingling described in b) (2) if compression is required for the gas to be introduced into another pipeline.

The **API/INGAA** gathering line definition gives four clear options by placing "**or**" between each option. The important option is the "**custody** transfer" option. Panhandle recommends that the **API/INGAA** definition be adopted in lieu of the gathering line definition proposed by RSPA in this NPRM.

Three cases which show Panhandle's costs associated with this NPRM are shown in schedules A,B & C attached.

RSPA asked for comments on three questions in this NPRM. The questions and Panhandle's answers are as follows:

Question 1

How many miles of pipelines currently classified as gathering lines would have to be reclassified as transmission lines?

Answer

Panhandle has approximately **1,251 miles** of pipeline that would

have to be reclassified.

Question

Have these pipelines been the subject of dispute between the pipeline operator and state or federal enforcement?

**Answer**

No.

**Question 3**

RSPA also seeks comments on **any** costs associated with reclassification?

**Answer**

**Panhandle** costs would be as follows:

Investment Cost	<b>\$26,281,000</b>
Annual Cost	<b>\$ 508,000</b>

Panhandle recommends the following changes to this **NPRM**.

1. The API/INGAA gathering line definition be used in lieu of the gathering line definition proposed by RSPA in this NPRM.
2. That the exclusion of the FERC jurisdictional lines be deleted from the NPRM.

These changes will save Panhandle **\$25,856,000** in capital cost and **\$493,000** in annual O&M costs.

If the above changes are not made, Panhandle recommends at a minimum the following changes to this **NPRM**.

1. Provide an appropriate grandfather clause for lines converted from gathering to transmission.
2. Provide an appropriate time frame for which to convert these pipelines such as 5 years.

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Panhandle appreciates the opportunity to comment on this very important rule making. If you have any questions or require additional information, please do not **hesitate** to call me at (713) 989-2138.

Sincerely,

A handwritten signature in cursive script, appearing to read "J.S. Zurcher".

**J.S. Zurcher**  
Manager, Codes

JSZ/rmh

**SCHEDULE**  
**Case 1.**

If the rules in this NPRM are applied as proposed:

- ° 177 pipelines totaling 1001 miles of FERC transmission lines (presently DOT gathering lines) would be required to be converted to DOT transmission lines as a result of the FERC transmission line exclusion.
- ° 230 other pipelines totaling 250 miles would become DOT jurisdictional transmission lines as a result of the RSPA end point determination.

The estimated costs are as follows:

Item	Conversion of <u>FERC Lines</u>	Conversion of <u>Other Lines</u>	<u>Totals</u>
<u>Investment Cost</u>			
Hydrostatic Tests	\$19,137,000	\$6,494,000	\$25,631,000
Increased Mapping	<u>520,000</u>	<u>130,000</u>	<u>650,000</u>
TOTAL	<b>\$19,657,000</b>	<b>\$6,624,000</b>	<b>\$26,281,000</b>
<u>Annual Costs</u>			
O & M Additions	\$ 458,000	\$ 50,000	\$ 508,000

**SCHEDULE**  
**Case 2.**

If API/INGAA gathering line definition is adopted (i.e., gathering line end point changed to whichever point is farthest downstream processing plant or custody transfer or last point of commingling) and FERC line exclusion is not deleted in final rule.

- ° FERC Lines Same as Case 1
- ° Other pipelines would be reduced from 230 to 10 pipelines and the mileage reduced from 250 miles to 10 miles.

The estimated costs are as follows:

Item	Conversion of <u>FERC Lines</u>	Conversion of <u>Other Lines</u>	<u>Totals</u>
<u>Investment Costs</u>			
Hydrostatic Tests	\$19,137,000	\$ 400,000	\$19,537,000
Increased Mapping	<u>520,000</u>	<u>25,000</u>	<u>545,000</u>
TOTAL	<b>\$19,657,000</b>	<b>\$ 425,000</b>	<b>\$20,082,000</b>
<u>Annual Costs</u>			
O&M Additions	\$ 458,000	\$ 15,000	\$ 473,000



**SCHEDULE**  
**Case 3.**

If the FERC exclusion is deleted and the API/INGAA gathering line definition is adopted.

The estimated costs are as follows:

Item	<u>Conversion of FERC Lines</u>	<u>Conversion of Other Lines</u>	<u>Totals</u>
<u>Investment Costs</u>			
Hydrostatic Tests	NONE	\$ 400,000	\$ 400,000
Increased Mapping	NONE	<u>25,000</u>	<u>25,000</u>
TOTAL	NONE	\$ 425,000	\$ 425,000
<u>Annual Costs</u>			
O&M Additions	NONE	\$ 15,000	\$ 15,000